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Good afternoon Sen. Fonfara, Rep. Berger, and members of the Finance, Revenue and Bonding Committee. I am here to express my support for SB 1076, AN ACT INCREASING THE ANNUAL CAP UNDER THE NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT PROGRAM.

SB 1076 would increase the cap from \$5 million to \$10 million which would address the issue that currently participating corporations are receiving a prorated credit. The NAA Tax Credit Program provides a tax credit to business firms that make cash investments in qualifying community programs conducted by tax exempt or municipal organizations. The community programs must be approved by both the municipality in which the programs are conducted and by the Department of Revenue Services. The expenditures under this program are currently capped at \$5 million. Due to the extraordinary success of this program, businesses have made contributions that would significantly exceed this cap and thus the credits have been prorated. Proration diminishes the benefit to the corporations taking part in the program and thus makes it more difficult for the non-profits to find businesses willing to make contributions to them through this program. SB 1076 would increase the cap to \$10 million which should allow the corporations to receive the full credit. This increase would benefit many communities in our state. Under the current statute that has a cap of \$5 million, \$3 million are earmarked for businesses listed in 12-635 (the 100% group) while \$2 million go to the 60% group. Since this

bill raises the cap to \$10 million it would seem that the amount available under this section may need to be increased as well.

I realize that there is some interest in expanding the types of businesses that could apply for credits under the NAA. While I applaud this concept and believe that this expansion could have a potential positive impact, I also believe that this change should wait until it is clear that there is room under the increased cap to fund tax credits for these entities as well.

Thank you for hearing legislation on this important issue.